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**SALT RIVER PROJECT**

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**KELLY J. BARR, ESQ.**

Manager, Regulatory Affairs & Contracts

AZ CORP COMMISSION  
DOCKET CONTROL

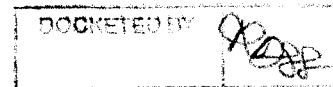
January 31, 2011

Arizona Corporation Commission

**DOCKETED**

JAN 31 2011

Chairman Gary Pierce  
Commissioner Paul Newman  
Commissioner Sandra D. Kennedy  
Commissioner Bob Stump  
Commissioner Brenda Burns  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007



Re: Docket No. L-00000B-00-0105-00000, Decision No. 63611

Dear Commissioners:

Enclosed please find SRP's annual report on the status of the Santan project. This report provides up-to-date information and documentation on the status of SRP's efforts to comply with each condition contained in the Certificate of Environmental Compatibility (CEC).

As always, please feel free to contact me if you have any additional questions or concerns.

Sincerely,

Kelly J. Barr

Enc.

cc: Lyn Farmer, Chief Administrative Law Judge (via Docket Control distribution)  
Steve Olea, Utilities Director (via Docket Control distribution)  
Brian Bozzo, Compliance and Enforcement Mgr. (via Docket Control distribution)  
Janice Alward, Legal Director (via Docket Control distribution)  
Ernest Johnson, Executive Director  
Docket Control – original plus 13 copies

Richard H. Silverman, General Manager  
Richard M. Hayslip, Associate General Manager, Environmental, Human  
Resources, Land, Risk Management & Telecom

**SRP Santan  
Expansion Project**

**Annual  
Report**

**January 2011**

The logo features the word "SANTAN" in a large, bold, serif font, with a stylized mountain peak graphic behind it. Below "SANTAN" is the phrase "EXPANSION PROJECT" in a smaller, bold, sans-serif font, all enclosed within a rectangular border.

**SANTAN**  
**EXPANSION PROJECT**

**Prepared for  
the Arizona Corporation Commission**

**Submitted by  
SRP**

Decision No. **63611**

Steve Olea      Designee of Chairman of the Arizona Corporation  
Commission

Richard Tobin	Designee for the Arizona Department of Environmental Quality
Dennis Sundie	Designee for the Director of the Department of Water Resources
Mark McWhirter	Designee for the Director of the Energy Office of the Arizona Department of Commerce
George Campbell	Appointed Member
Jeff McGuire	Appointed Member
A. Wayne Smith	Appointed Member
Sandie Smith	Appointed Member
Mike Whalen	Appointed Member

The Applicant was represented by Kenneth C. Sundlof, Jr., Jennings, Strouss & Salmon PLC. There were seventeen intervenors: Arizona Utilities Investor Association, by Ray Heyman; Arizona Corporation Commission Staff, by Janice Alward; Arizona Center for Law in the Public Interest, by Timothy Hogan, Mark Kwiat, Elisa Warner, David Lundgreen, Cathy LaTona, Sarretta Parrault, Mark Sequeira, Cathy Lopez, Michael Apergis, Marshal Green, Charlie Henson, Jennifer Duffany, Christopher Labban, Bruce Jones and Dale Borger. There were a number of limited appearances.

The Arizona Corporation Commission has considered the grant by the Power Plant and Line Siting Committee of a Certificate of Environmental Compatibility to SRP and finds that the provisions of A.R.S. §40-360.06 have complied with, and, in addition, that documentary evidence was presented regarding the need for the Santan Expansion Project. Credible testimony was presented concerning the local generation deficiency in Arizona and the need to locate additional generation within the East Valley in order to minimize transmission constraints and ensure reliability of the transmission grid. The

1 evidence included a study that assessed the needs of the East Valley. The analysis  
2 found that the East Valley peak load currently exceeds the East Valley import capability  
3 and within the next 5 years the East Valley load will exceed the load serving capability.

4 Additional testimony was presented regarding SRP's projected annual 3.7% load  
5 growth in its service territory. By 2008, SRP will need approximately 2700 MW to meet  
6 its load. This local generation plant will have power available during peak periods for  
7 use by SRP customers.

8 At the conclusion of the hearing and deliberations, the Committee, having  
9 received and considered the Application, the appearance of Applicant and all  
10 intervenors, the evidence, testimony and exhibits presented by Applicant and all  
11 intervenors, the comments made by persons making limited appearances and the  
12 comments of the public, and being advised of the legal requirements of Arizona Revised  
13 Statutes Sections 40-360 to 40-360.13, upon motion duly made and seconded, voted to  
14 grant Applicant the following Certificate of Environmental Compatibility (Case No. L-  
15 00000B-00-0105):

16 Applicant and its assignees are granted a Certificate of Environmental  
17 Compatibility authorizing the construction of an 825 megawatt generating facility  
18 consisting of three combined cycle units with a total net output of 825 megawatts  
19 together with related infrastructure and appurtenances, in the Town of Gilbert, on  
20 Applicant's existing Santan Generating Station site, and related switchyard and  
21 transmission connections, as more specifically described in the Application (collectively,  
22 the "Project"). Applicant is granted flexibility to construct the units in phases, with  
23 different steam turbine configurations, and with different transmission connection  
24  
25

1 configurations, so long as the construction meets the general parameters set forth in the  
2 application.

3  
4 This certificate is granted upon the following conditions:

- 5 1. Applicant shall comply with all existing applicable air and water pollution  
6 control standards and regulations, and with all existing applicable  
7 ordinances, master plans and regulations of the State of Arizona, the  
8 Town of Gilbert, the County of Maricopa, the United States, and any other  
9 governmental entities having jurisdiction.

10 ***Status ~ The Santan Power Plant complies with all applicable air and***  
11 ***water pollution control standards and permits issued under applicable***  
12 ***regulations. Those regulations, permits and standards authorize the***  
13 ***regulatory agency with jurisdiction to issue various notices to correct***  
14 ***and notices of violation, some of which are then referred to***  
15 ***enforcement for the issuance of a penalty or fine. Because the***  
16 ***issuance of a notice to correct or notice of violation (NOV) is not the***  
17 ***final determination of the regulatory agency regarding regulatory***  
18 ***compliance, SRP will report all NOVs that result in a fine or penalty.***

19 ***SRP was not assessed any fines or penalties for NOVs from the***  
20 ***Maricopa County Air Quality Department (MCAQD) in 2010.***

- 21 2. This authorization to construct the Project will expire five (5) years from  
22 the date the Certificate is approved by the Arizona Corporation  
23 Commission unless construction of the Project is completed to the point  
24 that the project is capable of operating at its rated capacity; provided,  
25 however, that Applicant shall have the right to apply to the Arizona  
Corporation Commission for an extension of this time limitation.

***Status ~ Unit 6 was declared in commercial operation on March 1, 2006.***  
***Unit 5 (the 2-on-1 units) began commercial operation on April 1, 2005.***  
***With the completion of Unit 6, the Santan Expansion Project is***  
***complete. SRP constructed the Project within the five year timeframe***  
***and has satisfied this condition of the CEC.***

3. Applicant's project has two (2) approved transmission lines emanating  
from its power plant's transmission switchyard and interconnecting with  
the existing transmission system. This plant interconnection must satisfy  
the single contingency criteria (N-1) without reliance on remedial action  
such as a generator unit tripping or load shedding.

***Status ~ SRP has completed the activity required by this condition.***

- 1 4. Applicant shall use reasonable efforts to remain a member of WSCC, or  
2 its successor, and shall file a copy of its WSCC Reliability Criteria  
3 Agreement or Reliability Management System (RMS) Generator  
4 Agreement with the Commission.

5 ***Status ~ SRP is a member of the WECC, the successor to the WSCC,  
6 and plans to continue its membership with the WECC.***

- 7 5. Applicant shall use reasonable efforts to remain a member of the  
8 Southwest Reserve Sharing Group, or its successor.

9 ***Status ~ SRP is a member of the Southwest Reserve Sharing Group and  
10 plans to continue its membership.***

- 11 6. Applicant shall meet all applicable requirements for groundwater set forth  
12 in the Third Management Plan for the Phoenix Active Management Area.

13 ***Status ~ SRP has complied with all requirements for groundwater, as  
14 set forth in the Third Management Plan for the Phoenix Active  
15 Management Area.***

- 16 7. With respect to landscaping and screening measures, including the  
17 improvements listed in the IGA, Applicant agrees to develop and  
18 implement a public process consistent with the process chart (Exhibit 89)  
19 presented during the hearings, modifying the dates in the IGA with the  
20 Town of Gilbert, if necessary, to correspond with the schedule in Exhibit  
21 89.

22 The new Community Working Group (CWG) will consist of 12 members,  
23 selected as follows: one member selected by the Town of Gilbert, four  
24 members selected by neighborhood homeowner associations, four  
25 representatives selected by intervenors, and three members selected by  
SRP (not part of the aforementioned groups) who were part of the original  
community working group. Applicant and landscaping consultants shall  
act as advisors to the CWG. CWG meetings shall be noticed to and be  
open to the general public. The initial meeting shall take place on an  
evening or weekend in the Town of Gilbert.

The objective of the CWG shall be to refine the landscaping and mitigation  
concept plans submitted during these hearings (Exhibit 88). The CWG shall  
work to achieve appropriate visual mitigation of plant facilities and to  
facilitate the design and installation of the concept plan components so as to  
maximize the positive impact on the community and to increase, wherever  
possible, the values of the homes in the neighboring areas. The refinement  
of the mitigation plans shall be reasonably consistent with the planning  
criteria of the Town of Gilbert, the desires of neighboring homeowner

1 associations, and the reasonable needs of Applicant.  
2 Applicant shall retain an independent facilitator, acceptable to the CWG, to  
3 conduct the CWG meetings. It shall be the role of the facilitator to assist in  
4 initial education and in conducting an orderly and productive process. The  
5 facilitator may, if necessary, employ dispute resolution mechanisms.

6 The CWG shall also assist in establishing reasonable maintenance  
7 schedules for landscaping of Applicant's plant site in public-view areas.

8 Applicant will develop with the Town of Gilbert a continuous fund, to be  
9 administered by the Town of Gilbert, to provide for the construction and  
10 maintenance of off-site landscaping in the areas depicted in the off-site  
11 landscaping concepts as developed by the CWG in an amount sufficient to  
12 fund the concepts in Exhibit 88 or concepts developed by the CWG,  
13 whichever is greater.

14 **Status ~**

15 **Onsite Landscaping Program ~**

16 ***SRP has completed all of the landscaping at the site. A new gate in the  
17 northeast corner of the site was installed in September 2007.***

18 ***The "Trails Area" (equestrian and bike trail) to the east of the power  
19 plant is complete. SRP transferred ownership of the Trails Area to the  
20 Town of Gilbert on September 13, 2005.***

21 **Home Owners' Association (HOA) Offsite Landscaping Program ~**

22 ***SRP has completed the initial funding for this program, providing a one-  
23 time payment to eighteen (18) HOAs in the area for use in providing  
24 additional landscaping to help mitigate views of the power plant.***

25 ***Under the program, SRP committed to making future annual payments  
of \$49,884 to the HOAs for offsite landscaping maintenance for a period  
of twenty (20) years, beginning in September 2004. In August 2010 SRP  
submitted a check for its seventh annual maintenance payment of  
\$49,884 to the Town of Gilbert for disbursement to the 18 HOAs. A copy  
of the cover letter sent to the Town of Gilbert is included in Appendix A.***

**Individual County Landscaping Program ~**

***SRP has completed this program.***

8. The visual mitigation efforts shall be in general compliance with the plans  
and concepts presented in these proceedings and constitute a commitment  
level by Applicant. Applicant will not reduce the overall level of mitigation as  
set forth in its Application and this proceeding, except as may be reasonably  
changed during the CWG process. The Town of Gilbert shall approve the  
plans agreed to by the CWG.



1                    ***Status ~ SRP has satisfied the visual mitigation requirements as***  
2                    ***initially set forth in the Application and the proceeding and further***  
3                    ***refined and expanded during the CWG process. SRP's mitigation***  
                     ***efforts also include the items specified in the SRP/Town of Gilbert***  
                     ***Intergovernmental Agreement.***

- 4                    9.      Applicant shall, where reasonable to do so, plant on site trees by the fall of  
5                    2001. Because planting of trees must await the improvement of Warner  
6                    Road and the design and construction of berms, this condition will largely  
7                    apply to trees on the East side of the site, and some of the trees on the  
8                    North side. All landscaping will be installed prior to the installation of major  
                     plant equipment such as, but not limited to, exhaust stacks, combustion  
                     turbines, and heat recovery steam generators, except where delays are  
                     reasonably necessary to facilitate construction activities.

9                    ***Status ~ As noted in condition 7, all of the landscaping work at the site***  
10                   ***has been completed.***

- 11                   10.     Applicant shall operate the Project so that during normal operations the  
12                   Project shall not exceed the most restrictive of applicable (i) HUD residential  
13                   noise guidelines, (ii) EPA residential noise guidelines, or (iii) applicable City  
14                   of Tempe standards. Additionally, construction and operation of the facility  
15                   shall comply with OSHA worker safety noise standards. Applicant agrees  
16                   that it will use its best efforts to avoid during nighttime hours construction  
17                   activities that generate significant noise. Additionally, Applicant agrees to  
18                   comply with the standards set forth in the Gilbert Construction Noise  
19                   Ordinance, Ordinance No. 1245, during construction of the project. In no  
20                   case shall the operational noise level be more than 3 db above background  
21                   noise as of the noise study prepared for this application. The Applicant shall  
22                   also, to the extent reasonably practicable, refrain from venting between the  
23                   hours of 10:00 p.m. and 7:00 a.m.

24                   ***Status ~ SRP remains in compliance with all applicable noise guidelines***  
25                   ***and standards. Throughout construction of the project, SRP took noise***  
                     ***readings at various locations along the plant boundary three times per***  
                     ***week to ensure compliance with noise guidelines and standards. SRP***  
                     ***also conducted additional noise testing during nighttime construction***  
                     ***activities, such as concrete pours.***

***Since Unit 5 began commercial operation on April 1, 2005, plant***  
                     ***personnel conducted additional off-site noise testing at the sites***  
                     ***designated by the Santan Neighborhood Committee (SNC) on the north,***  
                     ***east and south sides of the plant boundaries. The SNC is responsible***  
                     ***for establishing the locations, timing and frequency of the off-site noise***  
                     ***tests. At the February 20, 2008 SNC meeting, the SNC recommended***  
                     ***that SRP discontinue taking off-site noise readings because all of the***  
                     ***readings so far indicated that the plant does not contribute to ambient***

1                    ***noise in the neighborhoods where measurements were being taken. As***  
2                    ***a result of this SNC recommendation, off-site noise testing by SRP has***  
3                    ***been discontinued. For more information on the SNC, please refer to***  
                     ***condition 19.***

- 4                    11.    Applicant will work with the Gilbert Unified School District to assist it in  
5                    converting as many as possible of its school bus fleet to green diesel or  
6                    other alternative fuel, as may be feasible and determined by Gilbert Unified  
                     School District, and will contribute a minimum of \$330,000 to this effort.

7                                       ***Status ~ SRP has completed the activity required by this condition.***

- 8                    12.    Applicant shall actively work with all interested Valley cities, including at a  
9                    minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a  
10                   Major Investment Study through the Regional Public Transit Authority to  
                     develop concepts and plans for commuter rail systems to serve the growing  
                     population of the East Valley. Applicant will contribute a maximum of  
                     \$400,000 to this effort.

11                                      ***Status ~ SRP has completed the activity and funding commitment***  
12                                      ***required by this condition.***

13                                      ***SRP actively worked with the East Valley communities, the Regional***  
14                                      ***Public Transportation Authority, Arizona Department of Transportation,***  
15                                      ***Maricopa County Department of Transportation and Maricopa***  
16                                      ***Association of Government to fund a Major Investment Study. The***  
                     ***Study included the development of the Gilbert/East Valley Transit***  
                     ***Systems Plan which identified possible transit or alternative mode***  
                     ***service scenarios for Gilbert's future and its relationship to other East***  
                     ***Valley communities' transit services.***

17                                      ***The Town of Gilbert adopted this Plan in 2003 as Phase 1 of the Gilbert***  
18                                      ***Transportation Study. The Gilbert Transportation Study was developed***  
19                                      ***to integrate with the Maricopa Association of Government's Transit***  
                     ***Study.***

20                                      ***Phase 2 of the Gilbert Transportation Study focused on the Gilbert***  
                     ***Bicycle & Pedestrian Plan. Phase 2 was completed in 2006.***

21                                      ***Phase 3 of the Plan involved implementing portions of the study by***  
22                                      ***building bridges over key canal modal points for connectivity. Six***  
23                                      ***pedestrian bridges were identified for construction and all have been***  
                     ***built. Four of the six pedestrian bridges were paid for by SRP and the***  
                     ***remaining two were paid for by ADOT.***

- 24                   13.    Within six months of approval of this Order by the Arizona Corporation  
25                   Commission, Applicant shall either relocate the gas metering facilities to the  
                     interior of the plant site or construct a solid wall between the gas metering

1 facilities at the plant site and Warner Road. The wall shall be of such  
2 strength and size as to deflect vehicular traffic (including a fully loaded  
3 concrete truck) that may veer from Warner Road to the gas-metering site.

4 **Status ~ SRP has completed the activity required by this condition.**

- 5 14. Applicant will use only SRP surface water, CAP water or effluent water for  
6 cooling and power plant purposes. The water use for the plant will be  
7 consistent with the water plan submitted in this proceeding and acceptable  
8 to the Department of Water Resources. Applicant will work with the Town of  
9 Gilbert to attempt to use available effluent water, where reasonably feasible.

10 **Status ~ Through December 2010, SRP has delivered a total of 118,068  
11 acre feet of CAP water to GRUSP. In addition, SRP has delivered 32,332  
12 acre feet of CAP water to the New River - Agua Fria Underground  
13 Storage Project (NAUSP). Total CAP water delivered for storage is  
14 150,400 acre feet. CAP water is stored for future use via recovery from  
15 any SRP owned wells (Association or District) and delivered to SEP  
16 from the Eastern Canal (or onsite District wells). Due to ongoing  
17 economic conditions, SRP will discontinue the storage of CAP water in  
18 2011 and evaluate the need for future storage at a later time. SRP will  
19 continue to purchase CAP water for direct use to meet ongoing  
20 operational water demands.**

- 21 15. Applicant agrees to comply with all applicable federal, state and local  
22 regulations relative to storage and transportation of chemicals used at the  
23 plant.

24 **Status ~ SRP is in compliance with all applicable federal, state and local  
25 regulations relative to storage and transportation of chemicals used at  
the plant.**

16. Applicant agrees to maintain on file with the Town of Gilbert safety and  
emergency plans relative to emergency conditions that may arise at the  
plant site. On at least an annual basis Applicant shall review and update, if  
necessary, the emergency plans. Copies of these plans will be made  
available to the public and on Applicant's web site. Additionally Applicant  
will cooperate with the Town of Gilbert to develop an emergency notification  
plan and to provide information to community residents relative to potential  
emergency situations arising from the plant or related facilities. Applicant  
agrees to work with the Gilbert police and fire departments to jointly develop  
on site and off-site evacuation plans, as may be reasonably appropriate.  
This cooperative work and plan shall be completed prior to operation of the  
plant expansion.

**Status ~ SRP is in compliance with all safety standards including  
secondary containment for bulk materials (chemicals) and development**

1                    ***of evacuation procedures for plant personnel. The plant's Emergency***  
2                    ***Response/Contingency Plan is available on the Santan website.***  
3                    ***Additionally, a detailed copy of the Emergency Response plan is available***  
4                    ***at the Town of Gilbert Fire Department as well as with the State***  
5                    ***Emergency Response Commission (SERC) and the Maricopa County***  
6                    ***Local Emergency Planning Committee (LEPC).***

- 7  
8  
9  
10  
11  
12                    17.    In obtaining air offsets required by EPA and Maricopa County, Applicant will  
13                    use its best efforts to obtain these offsets as close as practicable to the plant  
14                    site.

15                    ***Status ~ SRP acquired emission reduction credits from the Phoenician***  
16                    ***and Oak Canyon Manufacturing sufficient to satisfy the 72 ton VOC***  
17                    ***offset requirement contained in the Santan air quality permit. In***  
18                    ***addition, SRP, in cooperation with the Maricopa County Department of***  
19                    ***Transportation (MCDOT), has obtained sufficient PM10 offsets for Units***  
20                    ***5 and 6 by paving roads in the east valley, starting with roads closest to***  
21                    ***the plant site.***

22                    ***All required offsets have been met for the Santan Expansion Project.***

- 23  
24  
25                    18.    In order to reduce the possibility of generation shortages and the attendant  
                  price volatility that California is now experiencing, SRP will operate the  
                  facilities consistent with its obligation to serve its retail load and to maintain a  
                  reliable transmission system within Arizona.

***Status ~ SRP's first priority in operating its generating stations,***  
                  ***transmission system and distribution system is to safely supply a***  
                  ***reliable, low cost source of power to its retail customers. The Santan***  
                  ***Expansion Project will be operated in the same manner as current***  
                  ***resources and is a significant element in SRP's plans to avoid the kind***  
                  ***of price volatility that accompanied the California crisis.***

19.    Beginning upon operation of the new units, Applicant will establish a citizens'  
                  committee, elected by the CWG, to monitor air and noise compliance and  
                  water quality reporting. Applicant will establish on-site air and noise  
                  monitoring facilities to facilitate the process. Additionally Applicant shall  
                  work with Maricopa County and the Arizona Department of Environmental  
                  Quality to enhance monitoring in the vicinity of the plant site in a manner  
                  acceptable to Maricopa County and the Arizona Department of  
                  Environmental Quality. Results of air monitoring will be made reasonably  
                  available to the public and to the citizens' committee. Applicant shall provide  
                  on and off-site noise monitoring services (at least on a quarterly basis),  
                  testing those locations suggested by the citizens' committee. The off-site air  
                  monitoring plan shall be funded by the Applicant and be implemented before  
                  operation of the plant expansion.

1                   **Status ~ The Santan Neighborhood Committee (SNC) met on April 21,**  
2                   **2010 and October 27, 2010. Santan personnel provided data on**  
3                   **emissions and water discharges. SRP personnel also updated the**  
4                   **group regarding SRP's archeology history, the proposed substation**  
5                   **near Cooper and Baseline and the status of ongoing expansion projects**  
6                   **and renewable energy projects. The next meeting of the Santan**  
7                   **Neighborhood Committee is scheduled for April 27, 2011.**

8                   **As noted in the October 2008 Quarterly Report, the SNC recommended**  
9                   **at their May 14, 2008 meeting that SRP discontinue recording data from**  
10                   **the Gilbert Air Quality Station because the committee believed sufficient**  
11                   **data has been collected. The committee further recommended that the**  
12                   **station be removed by SRP. On December 9, 2008, SRP received a**  
13                   **letter from the Director of the Maricopa County Air Quality Department**  
14                   **(MCAQD), noting the department's agreement with the findings of the**  
15                   **Air Quality Monitoring Program Report and determining that the Gilbert**  
16                   **Air Quality Station has served its purpose and is no longer needed,**  
17                   **allowing for the removal/demobilization of the station. SRP removed**  
18                   **the station and donated it to ADEQ.**

- 19                   20. Applicant will explore, and deploy where reasonably practicable, the use of  
20                   available technologies to reduce the size of the steam plumes from the unit  
21                   cooling towers. This will be a continuing obligation throughout the life of the  
22                   plant.

23                   **Status ~ SRP completed a joint research project with ASU in June of**  
24                   **2009 to determine the feasibility of recovering water from cooling tower**  
25                   **plumes, which would decrease their visibility. At this time, however,**  
                    **there is no commercially demonstrated or available technology for full**  
                    **scale application.**

**SRP recently researched commercially available plume abatement**  
                    **technologies. Currently there are three known technologies that exist**  
                    **in the industry, two of which can be used to retrofit existing cooling**  
                    **towers. The two technologies are referred to as Series Path Wet/Dry**  
                    **(SPWD) and Parallel Path Wet Dry (PPWD) technology. Each uses a**  
                    **similar concept in which a heat exchanger is used to heat dry incoming**  
                    **air and mix with the high humidity air. SRP will be assessing the**  
                    **feasibility, cost, performance, and reliability impacts of applying these**  
                    **technologies to the Santan cooling towers in 2011 and expects to report**  
                    **on the results of the assessment in our January 2012 compliance filing.**

21. SRP will, where practicable, work with El Paso Natural Gas Company to use  
                    the railroad easements for the installation of the new El Paso gas line.

**Status ~ SRP completed the sale of the SEP gas pipeline to El Paso**  
                    **Natural Gas Company and Transwestern Pipeline Company.**

- 1 22. Other than the Santan/RS 18 lines currently under construction, Applicant  
2 shall not construct additional Extra High Voltage transmission lines (115kV  
and above) into or out of the Santan site, including the substation on the site.

3 ***Status ~ SRP will not construct additional Extra High Voltage***  
4 ***transmission lines (no new circuits 115kV and above) into or out of the***  
5 ***Santan site or substation on the site. However, some of the existing***  
6 ***circuits may be bundled in the future.***

- 7 23. Applicant will replace all Town of Gilbert existing street sweepers with  
8 certified PM10 efficient equipment. A PM10 efficient street sweeper is a  
street sweeper that has been certified by the South Coast Air Quality  
Management District (California) to comply with the District's performance  
standards under its Rule 1186 (which is the standard referenced by the  
Maricopa Association of Governments).

9 ***Status ~ SRP has completed the activity required by this condition.***

- 10 24. Applicant shall work in a cooperative effort with the Office of Environmental  
11 Health of the Arizona Department of Health Services to enhance its  
12 environmental efforts.

13 ***Status ~ A representative of the Arizona Department of Health Services***  
14 ***serves on the Santan Neighborhood Committee. The representative's***  
15 ***role is to provide technical assistance and expertise to the citizens***  
16 ***committee mentioned in condition 19. Such assistance will cover air,***  
17 ***noise, and water quality issues.***

- 18 25. Applicant shall operate, improve and maintain the plant consistent with  
19 applicable environmental regulations and requirements of the Environmental  
20 Protection Agency, the Arizona Department of Environmental Quality,  
21 Maricopa County and the Town of Gilbert.

22 ***Status ~ SRP has an environmental management system (EMS)***  
23 ***designed to assure compliance with applicable laws and regulations.***  
24 ***The Santan Generating Station is integrated in the SRP EMS.***  
25 ***Procedures and Environmental Information Management Systems***  
***(EIMS) have been modified to incorporate the new requirements***  
***associated with the Santan Expansion Project. Plant personnel***  
***responsible for meeting environmental compliance have received***  
***training on the new requirements. SRP continues to implement its EMS***  
***to ensure continued compliance with all applicable environmental***  
***regulations and requirements.***

***For additional information on SRP's efforts to comply with federal,***  
***state, county and city environmental regulations, please refer to***  
***condition 1.***

- 1       26.   Applicant shall actively work in good faith with Maricopa County in its efforts  
2       to establish appropriate standards relative to the use of distillate fuels in  
3       Valley generating facilities.

4               **Status ~ SRP has completed the activity required by this condition.**

- 5       27.   Applicant shall install continuous emission monitoring equipment on the new  
6       units and will make available on its website emissions data from both the  
7       existing and new units according to EPA standards. Applicant shall provide  
8       information to the public on its website in order to assist the public in  
9       interpreting the data, and provide viable information in a reasonable time  
10      frame.

11              **Status ~ SRP has installed continuous emission monitoring equipment**  
12              **on the new units. Information on the continuous emission monitoring**  
13              **equipment and the emissions data is available on the website for the**  
14              **SEP.**

- 15      28.   Applicant will comply with the provisions of the Intergovernmental  
16      Agreement dated April 25, 2000 between Applicant and the Town of Gilbert,  
17      as modified pursuant to this Certificate.

18              **Status ~ There are eight SRP obligations noted in the IGA, all of which**  
19              **have been completed. A description of each obligation follows:**

20              **Improvements to Warner Road and Val Vista Road ~ These**  
21              **improvements are complete.**

22              **Screening of the Plant ~ All of the screening is complete.**

23              **Trail Extension ~ In the "Trails Area" to the east of the power plant,**  
24              **work is complete. The "Trails Area" includes a horse trail, unpaved**  
25              **equestrian resting areas complete with benches for the horse's rider,**  
              **and a shared use path, surrounded by decorative masonry walls, path**  
              **lighting, and new plantings of trees and shrubs.**

**Rerouting of Canal at Ray Road ~ This canal modification is complete.**

**Training Tower Removal ~ This training tower was removed in the fall of**  
              **2000.**

**Revegetation Along New RS 18 Line ~ SRP has restored any vegetation**  
              **damaged or destroyed along the RS 18 line as a result of the**  
              **construction of the line.**

**Dust Control Along Canals ~ SRP is in compliance with applicable PM-**  
              **10 standards along SRP canal banks.**

**Offsite Tree Planting ~ The offsite landscaping programs are complete. See Condition 7 status for more details.**

29. During the proceeding neighbors to the plant site raise significant concern about the impact of the plant expansion on residential property values. In performing each of the conditions in this order Applicant, in conjunction where applicable, with the Town of Gilbert and the plant site neighbors, shall consider and attempt to maximize the positive effect of its activities on the values of the homes in the surrounding neighborhoods.

**Status ~ SRP has invested \$20 million in community and site improvements, including extensive landscaping to ensure compatibility with the community. Conditions 7, 9 and 28 address SRP's comprehensive landscaping plan that was developed by SRP's landscape architect and approved by the CWG. All of the landscaping at the project site has been completed and funding for off-site landscaping has been completed as well. The landscaping provides attractive features and was designed to maximize the positive effect on the surrounding neighborhoods.**

30. Applicant shall construct the auxiliary boiler stack at such height as may be determined by air modeling requirements. Applicant shall situate the auxiliary boiler stack so that it is not visible from off the plant site.

**Status ~ This condition is no longer applicable as SRP decided not to use an auxiliary boiler so no auxiliary boiler stack will be necessary.**

31. Applicant will construct the heat recovery steam generators ("HRSG") approximately 15 feet below grade and will construct the HRSGs so that the overall height of the HRSG module from the natural grade is no more than 80 feet.

**Status ~ SRP has completed the activity required by this condition.**

32. Applicant will complete the installation of the dry low NOX burners on the existing units prior to the construction of the new units.

**Status ~ SRP has completed the activity required by this condition.**

33. Applicant shall not transfer this Certificate to any other entity for a period of 20 years from the date of approval by the Corporation Commission, other than as part of a financing transaction where operational responsibilities will remain with Applicant, and where Applicant will continue to operate the plant in accordance with this Certificate.

**Status ~ SRP has no plans to transfer this Certificate to another entity.**



34. Applicant shall post on its website, when its air quality permit application is submitted to the Maricopa County Environmental Services Department. Also, Applicant shall post on its website any official notice that may be required to be posted in newspapers for its air quality permit application.

Status ~ SRP has completed the activity required by this condition.

GRANTED this \_\_\_\_ day of February, 2001

ARIZONA POWER PLANT AND TRANSMISSION  
LINE SITING COMMITTEE

By Paul A. Bullis  
Its Chairman

**BEFORE THE ARIZONA CORPORATION COMMISSION**

In the matter of the Application of Salt  
River Project Agricultural Improvement and  
Power District in conformance with the  
requirements of Arizona Revised Statutes  
Sections 40-360-03 and 40-360.06, for a  
Certificate of Environmental Compatibility  
authorizing the Expansion of its Santan  
Generating Station, located at the intersection  
of Warner Road and Val Vista Drive,  
in Gilbert, Arizona, by adding 825 megawatts  
of new capacity in the form of three combined  
cycle natural gas units, and associated  
intraplant transmission lines.

Case No. 105

Docket No. L-00000B-00-0105

Decision No. 63611

The Arizona Corporation Commission (Commission) has conducted its review, as prescribed by A.R.S. §40-360.07. Pursuant to A.R.S. §40-360.07(B), the Commission, in compliance with A.R.S. §40-360.06, and in balancing the broad public interest, the

1 need for an adequate, economical and reliable supply of electric power with the desire  
2 to minimize the effect thereof on the environment and ecology of the state;

3 The Commission finds and concludes that the Certificate of Environmental  
4 Compatibility should be granted upon the additional and modified conditions stated  
5 herein.

- 6 35. The Santan Expansion Project shall be required to meet the Lowest  
7 Achievable Emission rate (LAER) for Carbon Monoxide (CO), Nitrogen  
8 Oxides (Nox), Volatile Organic Carbons (VOCs), and particulate Matter  
9 less than ten micron in aerodynamic diameter (PM10). The Santan  
10 Expansion Project shall be required to submit an air quality permit  
11 application requesting this LAER to the Maricopa County Environmental  
12 Services Department.

13 ***Status ~ On February 10, 2003 the Maricopa County Environmental***  
14 ***Services Department issued an air quality permit for the Santan***  
15 ***Expansion Project. The air permit mandates the following Lowest***  
16 ***Achievable Emission Rates (LAER):***

- 17 • CO – 2 ppm w/o duct firing; 2 ppm w/ duct firing
- 18 • NOx – 2 ppm w/o duct firing; 2 ppm w/ duct firing
- 19 • VOC – 1 ppm w/o duct firing; 2 ppm w/ duct firing
- 20 • PM10 - .01 lb/mmBtu

- 21 36. Due to the plant's location in a non-attainment area, the Applicant shall not  
22 use diesel fuel in the operation of any combustion turbine or heat recovery  
23 steam generator located at the plant.

24 ***Status ~ Since the issuance of the ACC order for the SEP Certificate of***  
25 ***Environmental Compatibility, SRP has not burned diesel fuel in the***  
***existing Santan generating units. The new generating units associated***  
***with the SEP do not have diesel fuel-burning capability.***

***On March 3, 2004, the Maricopa County Environmental Services***  
***Department, now the Maricopa County Air Quality Department***  
***(MCAQD), issued a revision to SRP's air quality permit to allow for the***  
***use of ultra low sulfur fuel as an emergency fuel in the existing units.***  
***The conditions in the air quality permit are identical to the requirements***  
***for emergency fuels contained in Maricopa County's new air quality rule***  
***for existing power plants (Rule 322), with the exception of the***  
***requirement that SRP use ultra low sulfur fuel rather than low sulfur***  
***fuel. In addition, the revised air permit includes a separate condition***  
***stating that SRP cannot use the fuel unless previously authorized by***  
***the ACC. SRP will continue to fully comply with Condition 36 of the***

1                   **CEC that prohibits the use of diesel fuel in any Santan unit unless**  
2                   **amended by the ACC on an emergency basis at some future time.**

- 3 37. In obtaining emissions reductions related to Carbon Monoxide (CO)  
4 emissions, Applicant shall, where technologically feasible, obtain those  
5 emission reductions onsite to the Santan Expansion Project.

6                   **Status ~ SRP has completed the activity required by this condition.**

- 7 38. Beginning upon commercial operation of the new units, Applicant shall  
8 conduct a review of the Santan Generating facility operations and  
9 equipment every five years and shall, within 120 days of completing such  
10 review, file with the Commission and all parties in this docket, a report  
11 listing all improvements which would reduce plant emissions and the costs  
12 associated with each potential improvement. Commission Staff shall  
13 review the report and issue its findings on the report, which will include an  
14 economic feasibility study, to the Commission within 60 days of receipt.  
15 Applicant shall install said improvements within 24 months of filing the  
16 review with the Commission, absent an order from the Commission  
17 directing otherwise.

18                   **Status ~ SRP will comply with the requirement for a review of**  
19                   **technology that will reduce plant emissions every 5 years after**  
20                   **commercial operation of the new units and will report such findings to**  
21                   **the Commission and all parties in this docket. SRP plans to submit its**  
22                   **first report to the Commission by July 1, 2011.**

- 23 39. Applicant shall provide \$20,000 to the Pipeline Safety Revolving Fund on  
24 an annual basis, thus improving the overall safety of pipelines throughout  
25 the State of Arizona.

**Status ~ In March 2010, a check for \$20,000 was sent to the Arizona**  
                  **Corporation Commission, for deposit in the Pipeline Safety Revolving**  
                  **Fund. This check satisfies compliance with this condition for the year**  
                  **ending April 30, 2010. A copy of the transmittal letter is included as**  
                  **Appendix B and was previously filed with Docket Control on April 1,**  
                  **2010. Subsequent checks will be distributed in the March/April**  
                  **timeframe each year.**

40. Where feasible, Applicant shall strive to incorporate local and in-state  
contractors in the construction of the three new generation units for the  
expansion project.

**Status ~ Every effort was made to incorporate local contractors for this**  
                  **project. Over one hundred-eleven local or in-state contractors were**  
                  **used on this project.**

- 1 41. Applicant shall construct a 10-foot high block wall surrounding the  
2 perimeter of the Santan plant, and appropriately landscape the area  
3 consistent with the surrounding neighborhood, unless otherwise agreed to  
4 by the Salt River Project and the Citizens Working Group.

5 Status ~ SRP has completed the activity required by this condition.

6 **APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION**  
7 **COMMISSION**

8  
9 Chairman \_\_\_\_\_

Commissioner \_\_\_\_\_

Commissioner \_\_\_\_\_

10 In Witness hereof, I, Brian C. McNeil,  
11 Executive Secretary of the Arizona  
12 Corporation Commission, set my hand  
13 and cause the official seal of this  
14 Commission to be affixed this \_\_\_\_ day  
15 of \_\_\_\_\_, 2001.

16 By: \_\_\_\_\_  
17 Brian C. McNeil  
18 Executive Secretary

19 Dissent: \_\_\_\_\_  
20  
21  
22  
23  
24  
25



P.O. Box 52025  
Phoenix, AZ 85072-2025  
Mail Stop: STS300

Steven A. Roberts  
Manager  
Santan/Kyrene Generating Stations  
Direct Line: 602-236-4380

August 24, 2010

Town of Gilbert  
Collin DeWitt, Town Manager  
50 E. Civic Center  
Gilbert, Arizona 85296

Re: Annual Maintenance Allocation for Santan Expansion Project HOA Landscaping Program.

Dear Mr. DeWitt:

Enclosed is the annual maintenance allocation per condition #7 of the SEP Certificate of Environmental Compatibility for the sum of \$49,884. The town of Gilbert will distribute the allocation to each homeowner association as listed below:

Participating HOA	Annual Maintenance
Ashland Ranch	\$830
Cottonwoods Crossing	\$7,438
Finley Farms North	\$2,029
Finley Farms South	\$8,046
Gateway Ranch	\$100
Gilbert Ranch	\$400
Greenfield Lakes	\$7,907
Lindsay Ranch	\$1,250
Mirador Estates	\$600
Nelly Commons	\$1,836
Rancho Cimarron	\$3,813
Rancho Corona	\$306
Silverstone Ranch	\$1,381
Sonoran Vista	\$822
Springtree	\$94
Val Vista Place	\$558
Western Skies Estates	\$10,780
Western Skies Unit 4	\$1,694
<b>TOTAL</b>	<b>\$49,884</b>



Town of Gilbert  
Collin DeWitt, Town Manager  
August 24, 2010  
Page 2

The homeowner associations are aware of this annual allocation and that their checks will be issued by September 15<sup>th</sup> of each year. Please contact me if you have any questions or need further information.

Thank you,

A handwritten signature in black ink, appearing to read "S. Roberts", written over a horizontal line.

Steven A. Roberts  
Plant Manager

Enclosure

**SALT RIVER PROJECT**

P.O. Box 52025  
Phoenix, AZ 85072-2025  
(602) 236-5262  
Fax (602) 236-3458  
kjbar@srpnet.com

**KELLY J. BARR, ESQ.**

Manager, Regulatory Affairs & Contracts

March 9, 2010

Mr. Robert Miller  
Supervisor, Pipeline Safety Section  
Arizona Corporation Commission  
2200 N. Central Ave., Suite #300  
Phoenix, Arizona 85004

Dear Mr. Miller:

On May 1, 2001 the Commission granted SRP a Certificate of Environmental Compatibility (CEC) for the Santan Expansion Project in Decision Number 63611. Condition 39 of the CEC decision requires that "Applicant shall provide \$20,000 to the Pipeline Safety Revolving Fund on an annual basis, thus improving the overall safety of pipelines throughout the State of Arizona."

In our continued compliance with that provision, SRP is submitting a check in the amount of \$20,000, made payable to the Arizona Corporation Commission, for deposit in the Pipeline Safety Revolving Fund. This check should fully satisfy compliance with Condition 39 for the year ending April 30, 2010.

Please feel free to contact me if you have additional questions or concerns.

Sincerely,



Kelly J. Barr

Enc.

cc: Docket Control  
Steven Roberts, Manager, Santan Generating Station